

Message Text

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ACTION NEA-10

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C O N F I D E N T I A L CAIRO 10879

DEPT PASS AID

E.O. 11652: GDS
TAGS: EAID, EG, ECON
SUBJECT: FAHMY'S UNHAPPINESS WITH AID ADMINISTRATOR GILLIGAN'S
POST INTERVIEW

1. WHEN WITH FAHMY YESTERDAY, HE EXPRESSED SOME UNHAPPINESS WITH INTERVIEW GIVEN BY AID ADMINISTRATOR GILLIGAN TO WASHINGTON POST REPORTER TOM LIPPMAN. ALTHOUGH HE WAS PLEASED THAT GOVERNOR GILLIGAN HAD INDICATED OUR INTENTION TO CONTINUE HIGH LEVELS OF AID FOR EGYPT IN NEXT FEW YEARS, HE WAS UPSET ABOUT WHAT HE CONSIDERED CRITICAL COMMENTS THE GOVERNOR HAD MADE ABOUT EGYPT'S LACK OF PLANNING. THESE HE CONSIDERED A GRATUITOUS SLURS, WHICH SHOULD NEVER HAVE BEEN MADE PUBLIC. DOING SO PUBLICLY IMPUGNED GOE COMPETENCE AND WILL CAUSE PROBLEMS FOR GOE IN ITS RELATIONS WITH OTHER DONORS. THEY WILL POINT TO THE GOVERNOR'S INTERVIEW AS EVIDENCE THAT GOE IS NOT DOING ENOUGH. IN FACT IT IS DOING ALL IT CAN. SADAT, ACCORDING TO FAHMY, IS ALSO UNHAPPY WITH THE PUBLISHED INTERVIEW.

2. I TOLD FAHMY THAT THE GOVERNOR HAD SIMPLY STATED WHAT EVERYONE HAS BEEN SAYING FOR A LONG TIME. AS HE
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KNEW, FOR THE PAST THREE YEARS I HAD DISCUSSED WITH HIM, THE PRESIDENT, THE PRIME MINISTER, AND VIRTUALLY EVERY ECONOMIC MINISTER THE NEED FOR SOME SOUND PLANNING ON WHICH US AND OTHER DONOR AID COULD BE BASED. FOR THE PAST THREE YEARS, TOO, WE HAD HEARD ABOUT A FIVE-YEAR PLAN BEING PREPARED, BUT TO THIS DAY NO SUCH PLAN IS AVAILABLE. WE CANNOT CONTINUE TO CONDUCT OUR AID PROGRAM

ON AN AD HOC BASIS AS HAS HAD TO BE DONE IN PAST THREE YEARS. THE CONGRESS EXPECTS SOME SOUND ECONOMIC PLANNING IF PRESENT HIGH LEVELS OF AID ARE TO BE CONTINUED. IT ALSO EXPECTS SOME RESULTS FROM OUR AID PROGRAM. GOVERNOR GILLIGAN HAD SIMPLY ARTICULATED CONCERNS THAT ALL OF US HAVE LONG HAD. THERE WAS CERTAINLY NO INTENTION TO CRITICIZE OR TO IMPUGN EGYPTIAN COMPETENCE. GOE SHOULD NOT SHOW SUCH SENSITIVITY TO ARTICLES THAT SIMPLY STATE FACTS THAT EVERYONE IS TALKING ABOUT.

3. FAHMY INSISTED THE INTERVIEW WAS UNNECESSARY AND UNHELPFUL FROM GOE POINT OF VIEW. WHILE HE AGREED AN ECONOMIC PLAN IS NECESSARY, AND ADDED ONE IS FINALLY BEING DRAFTED, HE ALSO ARGUED THAT OUR AID PROGRAM HAS GOTTEN ALONG PERFECTLY WELL WITHOUT SUCH A PLAN. WE HAD BEEN ABLE TO SELECT PROJECTS SUCH SUEZ CEMENT PLANT, POWER GENERATION ACTIVITIES, SILOS, ETC., ALL OF WHICH ARE NEEDED FOR EGYPT'S ECONOMIC DEVELOPMENT. THERE IS NO REASON WHY THIS CANNOT CONTINUE. I TOLD HIM THAT I HAD TO DISAGREE. WE HAVE INDEED HAD TO WORK ON AN AD HOC BASIS IN THE PAST AND HAVE DONE SO IN ORDER TO SUPPORT PRESIDENT SADAT'S MODERATE REGIME. WE WANT TO CONTINUE TO SUPPORT SADAT, BUT IF OUR AID IS TO BE MEANINGFULLY USED, IT MUST BE IN CONTEXT SOME KIND OF SENSIBLE PLANNING. IT WAS HIGH TIME THAT GOE CAME UP WITH THE PROMISED PLAN INSTEAD OF GIVING THE IMPRESSION
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OF DAWDLING AS IT HAS DONE FOR THE PAST THREE YEARS. FAHMY CONTINUED TO GRUMBLE, BUT DID NOT PURSUE THE POINT. EILTS

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